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PASS TO EEB/IFD/OMA FOR ANDREW SNOW AND RICHARD FIGUEROA

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TAGS: [EAID](#) [ECON](#) [PREL](#)
SUBJECT: BOLIVIAN REPORT ON FISCAL TRANSPARENCY

REF: SECSTATE 16737

¶1. In Bolivia, a proposed national budget is presented to the Congress toward the end of the year (November or December). At that time, the Administration makes public its budget assumptions and what is being presented to Congress. Congress considers the budget proposals and is then expected to approve a final version by the end of the year.

¶2. Once approved, the national budget is available on-line on the Finance Ministry's website. It is also available in print. All revenue and expenditure figures are included in the publicly-available budget. On the whole, the information is both meaningful and accurate; however, some of the methodology used for data collection may be problematic, principally because of a lack of institutional capacity in small municipalities. An additional area of concern is the growing size and lack of institutional capacity within state-run enterprises. The political disposition for transparent fiscal administration appears to continue to exist; however, institutional capacity to manage a growing budget both within state-owned companies and within the smaller, municipal (and even departmental) governments may cause the accuracy of budget reporting to be called into question.

¶3. USAID has provided support for fiscal transparency in several different ways. Currently, USAID is supporting a detailed modeling exercise on intergovernmental fiscal relations. The model can be used to conduct detailed analyses informing the three levels of government (national, departmental, and municipal) on different scenarios on the division of fiscal powers and functions across these levels of government. USAID is working to engage the national government more directly and actively in this exercise. USAID is funding technical assistance and software development to improve financial management and transparency at the departmental level. This includes support for the Public Management Software System ("SGP") which is used by government staff from five of Bolivia's nine departments to monitor public investments, including budget execution. USAID plans to undertake a major new activity to strengthen municipal service delivery and local democracy in the coming months. This project may include support for financial management strengthening in selected municipalities. This could likely build upon limited past municipal financial management work USAID has supported and that concluded in ¶2006.

¶4. Both the World Bank and the International Monetary Fund (IMF) report on Bolivia's compliance with standards and codes covering fiscal transparency. Two recent reports are available on the IMF website: (1) Bolivia: Report on the Observance of Standards and Codes Data Module, Response by the Authorities, and Detailed Assessment Using the Data Quality Assessment Framework (DQAF); IMF Country Report

07/283; August 2, 2007; and (2), 2007 Article IV Consultation Staff Report, IMF Country Report 07/248; June 27, 2007.

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